

Business and Industry (B&I) Guaranteed Loan Program The American Recovery & Reinvestment Act 2009 (ARRA)

DESCRIPTION:

The Business and Industry (B&I) ARRA Funded program guarantees loans for up to a maximum of 90 percent of loss. Guarantee fees are **1 percent** of the guarantee portion of the loan. **No annual servicing fee is charged.**

ELIGIBLE LOAN PURPOSES:

Eligible loan purposes include machinery and equipment, buildings and real estate, working capital and certain types of debt refinancing.

ELIGIBLE BORROWER:

An eligible borrower can be any legal entity including a cooperative, corporation, or partnership organized and operated on a profit or non-profit basis, Indian Tribe, public body or individual.

THE LENDER:

The lender can be any federal or state chartered bank, credit union, savings and loan association, or Farm Credit Bank.

PERCENT OF GUARANTEE:

Guarantees can be up to 90 percent of loans with sufficient priority. Loans up to \$7.5 million are approved in North Dakota Rural Development's State office in Bismarck.

LOAN MATURITY:

Maximum maturities are seven years for working capital, 15 years for machinery and equipment, and 30 years for real estate.



ELIGIBLE AREAS:

Eligible areas include all of North Dakota, with the exception of most of Fargo/West Fargo and most of Bismarck/Mandan. If you have a project in one of these cities, contact our office for a determination on potential assistance or use the site <http://eligibility.sc.egov.usda.gov/eligibility/eligibilityAction.do> to determine if the project is in a rural area.

OTHER CRITERIA:

Interest rates are negotiated between borrower and lender and may be variable or fixed. Collateral must be sufficient to protect the interests of the lender and the USDA. Loans may require personal and/or corporate guarantees. Minimum tangible equity requirements are 20 percent for start-ups and 10 percent for existing businesses. Loans for construction purposes are subject to Davis Bacon wage requirements.

For More Information Contact:

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<http://www.rurdev.usda.gov/rbs/busp/bprogs.htm>

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